

# 2013 economic outlook

AS PART OF THE DAYTON AREA CHAMBER OF COMMERCE'S PLEDGE TO BE THE REGION'S MOST COMPREHENSIVE, ACCURATE AND CURRENT SOURCE ON THE BUSINESS COMMUNITY AND THE POPULATION OF THE DAYTON REGION, WE PRESENT THE 2013 DAYTON REGION ECONOMIC OUTLOOK.

Annually, the Chamber's Research Advisory Committee meets to discuss the current economic status of the nation, the region, key industry sectors, challenges and opportunities to forecast the coming year. The 2013 Dayton Region Economic Outlook is a compilation of the opinions and expertise of the Research Advisory Committee.

**The Research Advisory Committee is comprised of:**

- Jason Antonick – *Dayton Area Chamber of Commerce*
- Barry James – *James Investment Research*
- Doug Harnish – *Gem Real Estate Group*
- Diane Shannon – *Dept. of Management and Budget, City of Dayton*
- Dr. Richard Stock – *Business Research Group, University of Dayton*
- Garry Weed – *Senior Portfolio Manager and VP, Fifth Third Bank*
- Dr. Thomas Traynor – *Dept. of Economics, Wright State University*

## A ROCKY START BUT A STRONG FINISH: A 2013 FORECAST

Major concerns for our economy nationally and locally are weighing on the minds of many as we start 2013. However, there's a beacon of economic prosperity looking toward the 3rd and 4th quarters of 2013, which have the potential to make 2013 an interesting year. Slow to moderate growth in many places around the globe, and the corresponding reduction in exports to those countries will be a factor throughout the upcoming year. How will the nation respond after the fiscal cliff of 2012? How will sequestration affect our largest regional employer, Wright Patterson Air Force base? Encouraging signs may be seen as the unemployment rate continues to drop. The automotive industry is improving, and the housing market improved in 2012 and is forecasted to continue improving in 2013. The financial sector continues to be in a very favorable position to lend money. Locally, we have many attributes making Dayton a desirable place to retain and attract businesses. Our region boasts a low cost of living, an abundance of fresh water and low cost energy resources, along with world-class arts and cultural experiences, all of which continue to make Dayton an innovative place to live and work.

Looking at the global economy, 2013 is predicted to be a relatively weak year for growth. The US and Euro zone are predicted to have the same growth rate as they did in 2012 for the beginning of 2013, but towards the end of 2013 the numbers are anticipated to improve. China is predicted to have a growth rate of around 8%. There are underlying hints of hope for 2013. First is the time profile of growth which looks different from 2012. 2013 is anticipated to start particularly weaker due to the fiscal cliff but will accelerate later in the year as the degree of fiscal drag diminishes and corrections within the private sector take over. Second, although the Euro economic crisis isn't fully resolved, the actions the European Central Bank has taken to build up a safety net for European banks via long term refinancing operation has provided a noticeable stopgap. Third, is the reduced oil constraint on global growth. With an ever increasing industrialized world comes the need for more oil, and for a long time oil was refined at a slower pace than we have today. Furthermore, the evolution of shale play development is reducing the risk of increasing oil prices.

Since 1945, post-election years have been affected by a recession 59% of the time and the fiscal cliff discussions haven't helped. The fiscal cliff is the popular short-hand term used to describe the conundrum that the U.S. government faced at the end of 2012, when the terms of the Budget Control Act of 2011 were scheduled to go into effect.

Among the laws that were set to change at midnight on December 31, 2012, were the end of 2011's temporary payroll tax cuts (resulting in a 2% tax increase for workers), the end of certain tax breaks for businesses, shifts in the alternative minimum tax that would take a larger bite, the end of the tax cuts from 2001-2003, and the beginning of taxes related to President Obama's health care law. At the same time, the spending cuts agreed upon as part of the debt ceiling deal of 2011 were set to go into effect. According to Barron's, over 1,000 government programs - including the defense budget and Medicare were in line for "deep, automatic cuts."

On January 1, 2013, the US House of Representatives passed Senate legislation avoiding the fiscal cliff. While this compromise averted certain aspects of the fiscal cliff going into effect, it did not address sequestration or the debt ceiling, which is due to hit February 28th.



The debt ceiling: The U.S. hit its statutorily mandated debt level (\$16.4 trillion) in early 2013. This means the Treasury Department will use a number of special measures to keep the books open. This should buy a couple of months at most. At stake is a possible governmental shutdown. The last time lawmakers discussed the nation's debt ceiling was a two-week period in August 2011, when the nation's credit rating was downgraded, which raised borrowing costs, and the economy almost entered a double-dip recession.

The possibility of automatic, across-the-board budget cuts to the Department of Defense, commonly known as sequestration, has been a looming concern for 2012 and will continue to be in 2013. Sequestration entails \$500 billion in defense and non-defense cuts over 10 years beginning early in 2013. In the Dayton area, this is a serious concern because WPAFB, Ohio's largest single employer, with about 27,000 military, civilian and contract employees could be dramatically affected. On a positive note, as the issue of sequestration impacts our region, 40% of the entire US Air Force budget moves through WPAFB.

Before the term fiscal cliff became the household phrase it is today, consumers and business have been beleaguered by what's going to happen with taxes, with the regulatory environment, and questions on the new healthcare law coming into effect. The committee sees these factors, among others, as reasons why consumer and business confidence has been low, throughout 2012, with slow improvement predicted for 2013.

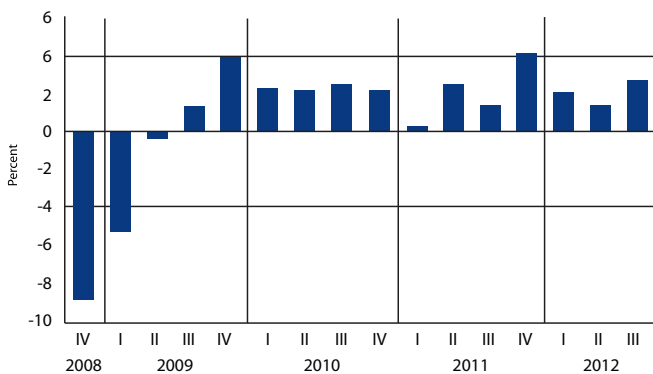
## GROSS DOMESTIC PRODUCT

The Gross Domestic Product (GDP) – the output of goods and services produced by labor and property located in the United States – expanded 2.60% in the third quarter of 2012 over the same quarter the previous year. Historically, from 1948 until 2012, the United States GDP Annual Growth Rate averaged 3.22%, reaching an all time high of 13.40% in December of 1950 and a record low of -4.60% in June of 2009.

GDP growth in the first quarter of 2013 isn't expected to exceed an annualized pace of about 1%. Continued financial woes in Europe and slowing growth in China will tone down export demand, while changes to take-home pay will weigh on consumer spending domestically. Moreover, cuts in federal spending, higher tax rates – at least for high-income earners – and the expiration of tax breaks such as the payroll tax relief are predicted to shear about 1.5 percentage points off GDP growth next year.

**Look for considerably more liveliness in the second half of 2013,** with GDP growth churning along at close to a 3% pace. Consumer confidence, already the highest in five years, will likely continue to improve, as home prices and employment rise. Furthermore, as productivity gains wane, businesses will be obligated to increase hiring and/or business spending on equipment and technology. For 2013, the committee predicts GDP will likely increase to more than 2%, following growth of about 2% in 2012.

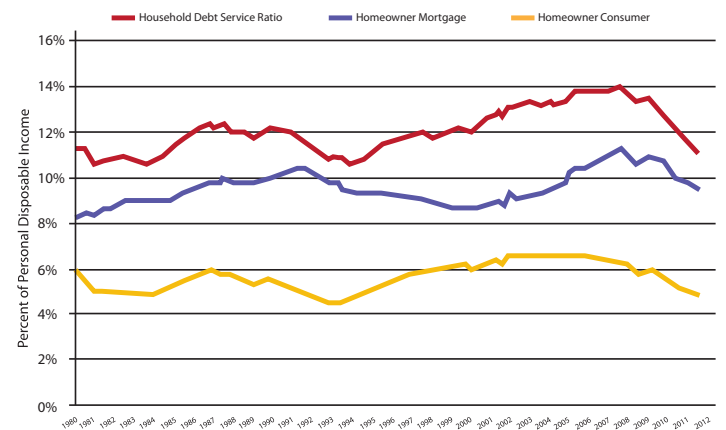
Quarter-to-Quarter Growth in Real GDP



Real GDP Growth is measured at seasonally adjusted annual rates. | U.S. Bureau of Economic Analysis

For 2011 and 2012 household debt relative to income improved dramatically, and the committee predicts that this will be the case for 2013. Decline in housing values and fallout from the housing market collapse caused people to look at their personal balance sheets, and adjust disposable income and discretionary spending accordingly. Over **4 Trillion dollars** in debt has been eliminated from corporate, personal, municipal and the state balance sheets over the last 4-5 years. The debt reduction efforts have put households in a better position to make big expenditures such as buying a house or a car.

Household Debt Service Ratio and Financial Obligations Ratios for Homeowners



## NATIONAL EMPLOYMENT

2011 marked the first year-to-year job growth in ten years that persisted over the entire year. For 2012, the unemployment rate slowly but steadily declined; beginning at 8.3% and ending the year at 7.4%. The year saw modest, but consistent job growth. The number of unemployed persons (age 16 and older) decreased by 10% between Nov. 2011 and Nov. 2012.



The national unemployment rate for 2013 is forecast to continue to decline on average over the course of the year, except for the first quarter of the year due to shaken business confidence from the fiscal cliff, sequestration worries and new health care laws coming into effect. With that in mind, the unemployment rate for 2013 is forecasted to improve to the 7.4%-7.9% range.

## AUTOMOTIVE INDUSTRY

The national automotive industry improved in 2012 and is predicted to continue improving in 2013. This bodes well for remaining auto production facilities in our region such as Honda of America in Marysville, Ohio. 14.5 million light-vehicles were sold in 2012 – an increase of 13.3% from 2011. The committee has pointed to two big forces in relation to auto industry improvement: the affordability of cars and the fact that the average car on the road is 11 years old. Top Sellers have been small cars, such as the Ford Focus and the Toyota Prius. The Prius is up 81% over November 2011 figures.

## INFLATION

Inflation is predicted to continue to be relatively benign, hovering around 2% for 2013. The committee has identified two big factors keeping inflation down: the increase in the money supply and the velocity of money (how much it turns over) - until these two factors pick up, there will not be a demand for goods and inflation will not increase. The Committee forecasts core inflation to remain low, staying at the 1.8%-2.2% range.

## NATIONAL OUTLOOK SUMMARY

|                        |           |
|------------------------|-----------|
| Gross Domestic Product | 2.0%-2.8% |
| Unemployment           | 7.5%-7.9% |
| Inflation              | 1.8%-2.2% |

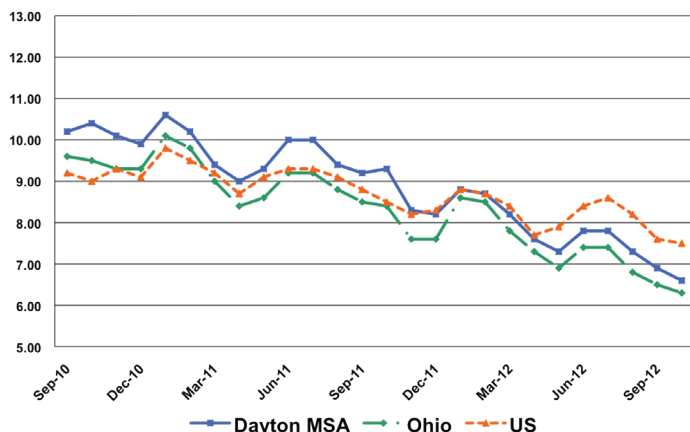
## OHIO OUTLOOK SUMMARY

Ohio's economic outlook continues to brighten. In August of 2010, Ohio's unemployment rate was 9.6% - higher than the national average. Fast forward to November 2012 and our rate is 6.5%, almost a full percentage point lower than the national average. Ohio's economy has recovered more quickly than many other Midwest states, contributing to the second straight year of population increase for the state of Ohio.

## DAYTON REGION ECONOMIC OUTLOOK: CHALLENGES & OPPORTUNITIES

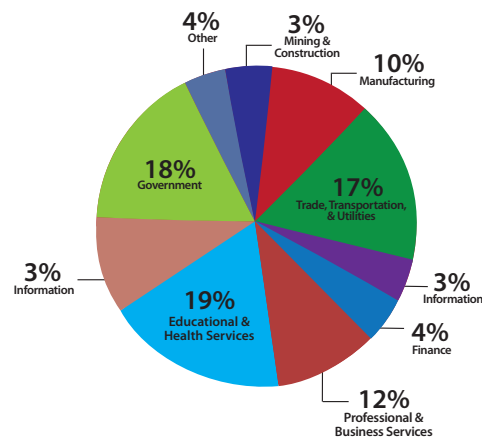
Our regional economy has shown signs of improvement starting slowly in the second half of 2011, continuing through 2012. In the fall of 2011 the Dayton MSA unemployment rate decreased to match the national average, and has fallen below the national average since spring of 2012. The regional economy is predicted to continue to improve through 2013.

In the Dayton area, with our low cost of living, there is significant incentive for businesses to be located here. People and businesses are already moving to Ohio from higher costs states such as Hawaii, California, and New York City; all of which have high state and local tax rates. Ohio has incredible advantages; low cost of living, thriving higher education, resurgent manufacturing sector, vibrant hospitals and healthcare, world-class cultural advantages and abundant and affordable energy.



For decades to come, one of the Dayton region's biggest advantages is predicted to be energy and water. Energy is available at a relatively low cost in our region and state. When comparing global energy costs, natural gas is 6-7 times more expensive in Japan and 3 times more expensive in Europe. In addition, there's the Great Miami Aquifer, which is an advantage to people and businesses throughout southwestern Ohio. The aquifer is a two to three mile wide reserve of water underground, that stretches north from Logan County to the Ohio River, and is considered to be of extremely high quality because of natural filtration from sand and gravel. Energy, water, low cost of living and appropriate size of state government are all huge drivers for growth in the long run for the Dayton region.

Dayton Msa Employment By Industry



## MANUFACTURING

The Dayton region has a strong manufacturing heritage. Generations of bright and hardworking men and women in Dayton have changed the world with their inventions and innovations. In spite of some significant losses throughout the last decade, local manufacturing continues to play an essential part of the Dayton area. With 2570 companies, 112,519 employees, \$5.6 billion annual payroll (accounting for 20% of the regions payroll), \$3.8 billion economic development and \$36.6 billion in annual sales, manufacturing in the Dayton area is still vibrant and growing. In fact, over the last five years, manufacturing has created over 15,000 new jobs in the area.

Manufacturing showed positive growth in the latter part of 2012 as orders increased, production processes improved, and the export demand slowed. There are three possible reasons for the decrease in exports. First, automotive manufacturing is poised for a surprising comeback. Stronger year-to-date sales, healthier inventory levels, more favorable credit conditions and improved consumer sentiment have boosted demand for American light-vehicle manufacturing. With gas prices declining and consumer sentiment rising, we feel the auto industry will experience gains into 2013. Expenses such as "landed cost" — the cost of moving goods from factories to their destination — is rising, due to increasingly expensive fuel and logistics needs. Third, is the increasing cost of Chinese labor. While still low by Western standards, wages are climbing in China as they fall stateside.

Approximately two dozen regional manufacturers are investing hundreds of millions of dollars into their businesses both large and small. This is crucial as it shows the manufacturing sector is poised for years of growth after decades of decline. The bulk of the reinvestment is in the Marysville Honda and Abbot Laboratory's plants, but 17 other manufacturers across the region have investments between \$750,000 and \$50 million.



## HOUSING/CONSTRUCTION

A major catalyst for the Great Recession (December 2007 – June 2009) was the implosion of the housing market. Six years ago the housing bubble burst and with that came declining home values. New construction all but dried up and subsequently monumental mortgage banking reforms took place. For 2012, the housing market appears to have hit bottom and started to significantly improve. The national median existing-home price for all housing types was \$178,600 in October 2012, which is 11.1% above a year ago. This marks eight consecutive monthly year-over-year increases, which last occurred from October 2005 to May 2006. Rising home prices have already resulted in a \$760 billion growth nationally in home equity during 2012. Considering that each percentage point of price appreciation translates into an additional \$190 billion in home equity, there's the potential for close to a \$1 trillion gain next year.

The best way to estimate future changes in home prices locally is to measure the number of people viewing homes, which is called traffic figure. Current traffic figure is at a level that would predict future increases in home prices.

Dayton area home sales improved dramatically in 2012, which is a trend predicted to continue into 2013. Household debt relative to income continued to improve putting consumers in a better position to make big expenditures such as buying a house or a car. Home sales increased 40% from November of 2011 to November of 2012. Most home sales in the region are under \$250,000 with an average sales price of \$121,700. The Dayton area has well over a ten year supply of platted lots. There is an up-tick in the number of multi-family units available and a different type of product in the pipeline. These units have the amenities of the free standing homes; 2 car garage, granite counter tops, stainless steel appliances and more square footage.

Many government, municipal, industrial and office space projects are in the works. Over the last ten years, Wright-Patterson Air Force Base has built over one million sq. ft. of construction space projects, and occupancy has grown by more than 800,000 sq. ft. Downtown Dayton has experienced revitalization in 2012, which is predicted to continue in 2013. Premier Health Partners almost fully occupies the 110 N Main building, and Caresource, will be expanding into additional office space outside its headquarters. Additionally, Miller Valentine has relocated to the Barclay Building.

Riverscape River Run Project reached its goal to raise four million dollars in 2012 and construction on the project is expected to begin in 2013. The project entails removing the low dam from the Great Miami River, which will create a seven mile stretch from Eastwood MetroPark to Carillon Park for kayakers and water enthusiasts to enjoy.

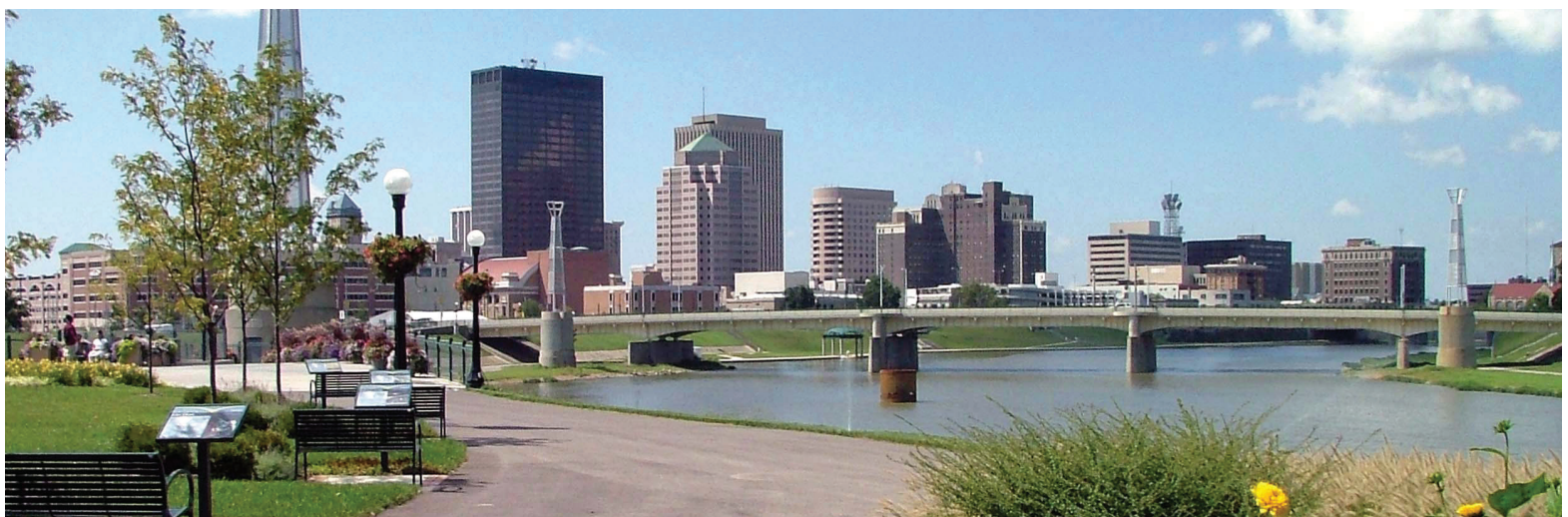
## TRANSPORTATION

Transportation and infrastructure investments will continue to help support economic development and business retention and attraction efforts throughout the Dayton region. Over the past 11 years the Dayton region has realized over \$1.1 billion in transportation funding investments that have contributed to significant economic development projects like the Austin Rd. Interchange, I-70/I-75 Interchange and I-75 through downtown Dayton. 2013 will be no different, as we look towards strategic transportation investments that will drive economic development initiatives throughout the region.

**Three of the most significant infrastructure projects that will highlight the Dayton region's transportation agenda in 2013 are:**



- I. Strategic infrastructure investments and business development opportunities that will support the multi-modal logistics and distribution hub near the Dayton International Airport. This area is the perfect storm of transportation networks that provide a strategic advantage to logistics and distribution companies in the Dayton region. The CSX freight rail line runs adjacent to airport property and originates in the Toledo port. The Dayton International Airport houses a 1 million sq. ft. freight distribution facility with an attached runway. Additionally, truck freight can be distributed to the nation via the I-70/I75 interchange in Vandalia. These assets and new investments will help the Dayton region continue to be identified as an ideal location for logistics and distribution companies.
- II. Construction on the final phase of the I-75 modernization project, which will reconfigure the highway through downtown Dayton. Starting in December of 2012, all southbound ramps in downtown Dayton were closed. These closures will be permanent, and a newly constructed ramp is scheduled to reopen in this area in 2016.
- III. Road construction State Route 35 East of Dayton around Smithville Road and Woodman Drive. These highway improvements will involve upgrading bridges and widening lanes and should be completed in late summer 2013.



## EDUCATION & HEALTH SERVICES

Education and Health Services employment has grown steadily over the past ten years, increasing by over 13,000 jobs and representing one of the largest concentrations of employment in the region. Even in the midst of economic downturn, this industry has stayed strong, with employment levels continuing to grow every year.

Health Services will continue to be a source of economic stimulus for the Dayton area in 2013. The hospital industry's total economic impact in the Dayton region is massive. Hospitals in and around Dayton area provided almost \$6.8 billion economic impact in 2012 and employed over 31,000 people. Area hospitals are looking to secure goods and services provided by local businesses in 2013, which will provide further positive impact to the local economy. Additionally, hospitals are working to improve neighborhood and community development by partnering with the Genesis project to rehab and build new homes in the Montgomery County Fairground and North Salem Avenue neighborhoods in Dayton.



With over 35 institutions of higher learning located within the Dayton region, the area is rich with educational resources. It is paramount students from these institutions remain in the Dayton area after graduation. Recent data shows college graduates are more likely to stay in the Dayton area if they have a job or internship. Several community-based initiatives are dedicated to increasing the

number of college-age students recruited for internships across the greater Dayton region. Connecting talented students with local employment opportunities will decrease Dayton's "brain drain," help local businesses in the public and private sectors recruit new talent, and give students a competitive edge as they enter the working world.

The Dayton community launched the Learn to Earn Dayton initiative in November of 2012. Learn to Earn Dayton's chief goal is to ensure children are ready to learn when they start school and are prepared to succeed in college or post high-school credential when they graduate. Only 34% of Montgomery County high-school graduates obtain a college degree within 6 years of graduation. There's a widening skills gap in advanced manufacturing and the 21st century workforce as a whole – post secondary education is paramount for the success of our future workforce.

## FINANCIAL SERVICES

The fear and hesitation in banking and finance subsided significantly in 2012, yet we still faced many surprises throughout the year. Even with a myriad of disturbing news, including public resignations by high ranking financial officers, and insider trading scandals, bank stocks continued to improve. In fact, Bank of America stock doubled in 2012. This improvement may be traced to a few sources. First, bank stocks are relatively cheap and by being so, they can generate returns without much effort. The Federal Reserve has continued to be aggressive with quantitative easing, and as a result interest rates have continued to stay low. Lower interest rates are improving mortgage banking numbers and Net Interest Margins figures. Banks are also improving their profitability through expense reductions. A potential down side to expense reduction is the closure of bank branches. Despite the poor press, the financial sector has performed well in 2012 and we predict more of the same in 2013.

## ARTS & CULTURE

America's artists and arts organizations live and work in every community around the nation — spawning originality and creativity, making our cities beautiful and improving our quality of life. In May of 2012, Americans for the Arts commissioned the study "Arts & Economic Prosperity IV." The study, the largest and most comprehensive of its kind reveals, "Of the \$135.2 billion of economic activity generated by America's arts industry, \$61.1 billion comes from the nation's nonprofit arts and culture organizations and \$74.1 billion from event-related expenditures by their audiences. This economic activity supports 4.1 million full-time jobs and produces \$22.3 billion in revenue to local, state, and federal governments every year. In 2012, of the top 25 mid-sized cities from coast-to-coast, Dayton, Ohio was voted #2 for arts and culture. Dayton's arts and cultural experiences and opportunities are quite literally World Class!

The Dayton Performing Arts Alliance (DPAA) was formed in July 2012 as the result of a groundbreaking merger between the Dayton Ballet, the Dayton Opera, and the Dayton Philharmonic Orchestra. The DPAA art forms have a proud history. Dayton Ballet is the 2nd oldest ballet company in the United States. The Dayton Philharmonic Orchestra has received 9 awards for adventurous programming from the American Society of Composers, Authors, and Publishers (ASCAP). Dayton Opera is nationally known for the training of young singers through its Artist-in-Residence program. The education program reaches over 50,000 students every year in 13 Ohio counties, making it one of the largest such programs of any performing arts group in the country. This merger is unique in the United States and is being watched as a potential model for many other states.





## IMMIGRATION

According to the Brookings Institution, “US global competitiveness rests on the ability of immigrants and their children to thrive economically and to contribute to the nation’s productivity.” From 1990-2005, immigrants started 25% of the highest growth companies generating \$67 billion of the \$577 billion in U.S. business income.

For Dayton, which has experienced significant population decline due to the changing demographics of the city, immigration provides significant economic development opportunities. The city of Dayton, recognizing this consistent arrival of new residents, has created the Welcome Dayton Plan. Welcome Dayton is an initiative to make Dayton an immigrant friendly city via business and economic development; local government and the justice system; social and health services; and community, culture, arts and education. This immigrant friendly plan is one of several local programs to make our region more economically appealing to immigrants and native born residents alike.

Local colleges and universities are actively expanding their international education strategies in our region as well. A vital element of the University of Dayton’s international strategy is pursuing partnerships and forming strong ties with top universities in China. Since 2003, University of Dayton administrators and faculty have worked to carry out this goal by creating opportunities for exchange and research collaboration for UD and Chinese students and faculty in the areas of engineering, engineering technology, law, computer science and business. Wright State University is in the process of expanding their study abroad program in unique ways. In addition to WSU’s office of Multicultural Affairs & Community Engagement, Wright State is actively working within the Country of Panama to recruit students and engineering companies to receive bi-lingual education at Wright State. Sinclair Community College has an International Education Strategic Plan for 2012-2017. The plan calls for more global awareness and multiculturalism, a globalization of programs offered, and regional economic and community development through global engagement. By 2017 the goal is to have 1460 foreign national students enrolled, 200 students studying abroad, and 400 faculty and staff in professional development.

Research has shown that Immigrants are 2-3 times more likely to start a business than native-born residents. By attracting and retaining immigrants, the hope of the Dayton Region is to build our local economy and expand the diversity of our region.

## UNMANNED AERIAL SYSTEMS AND VEHICLES (UAS & UAV)

From Springfield to Dayton to Wilmington, Ohio, a major economic endeavor in our region is Unmanned Aerial Systems or UAS. Ohio’s strategic goal is to be the destination of choice for UAS development, manufacturing, RDT&E, supply support and training and education.

Ohio’s UAS Initiative has a four pillars approach to success; sensor technology, research and development, manufacturing and education and training. From the manufacturing pillar; of the 30 industries needed for aircraft manufacturing, 28 have a strong presence in Ohio and 24 are located within a 50 mile radius of Southwest Ohio.

Ohio is launching a new UAS testing center and is searching sites in the Dayton region for the center’s offices. To be called the Ohio Unmanned Aircraft Systems Center and Test Complex, the state is funding the center with \$1.5 million, but hopes it will eventually become self-sufficient with testing fees paid by companies that would use the center, according to the state. Dayton, Springfield and Wilmington could reap hundreds of new jobs and attract multimillion-dollar investments if Ohio becomes one of the half-dozen states allowed to use airspace for testing of unmanned vehicles.

Focus is on first responders, which will probably be one of the first markets to break open and be allowed to fly. Why? For a few reasons. Airports restrict UAV flight above 500 feet and emergency situations first responders face typically don’t require a UAV to fly higher than 500 feet. The police and fire departments are who we trust and many do not like turning this new technology over to the commercial market. Much of the education first responders receive happens locally here at Sinclair Community College, which coincidentally is where UAS technology training is offered.



# 2012 WRAP-UP economic development

Economic Development plays a central role in the sustainability and vibrancy of the Dayton Region. To accomplish it effectively requires multiple private and public sector partners collaborating and working together with a common vision for the future in mind. As such, every partner at the table must understand the landscape in which we operate and provide services that are unique so as to not duplicate the efforts of others in the community.

**To achieve this objective the Dayton Area Chamber of Commerce (DACC) focuses on four areas of concentration in economic development:** business retention and expansion of member companies, workforce development, transportation improvement and public policy advocacy.



## RETENTION AND EXPANSION

Economic development is often heavily associated with attracting new business investment to an area. While business attraction is a vital component of economic development, history has shown that over 80% of business growth in any region will come from existing businesses. The Chamber has performed retention and expansion services for years, primarily through staff member visits with chamber members seeking information and counseling and adding value with business solutions that result in their growth and/or stability. Due to the Chamber's regional ties with the local business community, as well as various business resource groups throughout the region, the DACC is well positioned to lead our region in the business retention and expansion process and has championed this as one of our central leadership roles in the economic development arena.

In 2012, Chamber staff individually met with over 150 strategically important member companies. We did this in partnership with various other municipalities, economic development groups and other resource partners using not only Chamber resources, but also utilizing countless Chamber volunteers and business leaders. Additionally, the Chamber program works hand in hand with the Dayton region's award winning BusinessFirst! Program. This effort gives the business community a single point of contact for a wide range of assistance that is available from all economic development resource partners in the region.

In addition, over the course of 2012, the Chamber facilitated over 100 business-to-business referrals and over 5,000 individual requests for information.

## WORKFORCE DEVELOPMENT

Workforce development has become one of the business community's top priorities. The Chamber is positioned in a leadership role within the region's workforce development network because of our unique relationship with the business community, educational partners and the public sector. It is a priority of the Chamber to continually advocate for the needs of our region's businesses while providing services and tools for them to be successful within our community.

In 2012, the Chamber was proud to help launch "Learn to Earn Dayton", a community initiative that is working to ensure that every young person in the Dayton region is ready to learn by kindergarten and ready to earn by graduation. The partners committed to this effort believe that it is critical to develop the human capital in order to foster economic growth in the Dayton region. Most importantly, the "Learn to Earn Dayton" effort will help young people learn the skills needed to earn a sufficient income to support themselves and their families.

Over the past several years, the Chamber has aided in leading a regional effort to better understand the supply/demand relationship of the business community's workforce needs. We continue to participate in the Workforce Investment Board and the other regional workforce platforms that have been organized to meet the ever changing needs of our community. In 2012, the Chamber increased their workforce outreach efforts to provide additional resources and information through partnering with various human resource associations, educational institutions and public agencies.

The Third Frontier Internship Program continues to be a popular program, with the Chamber reimbursing area companies over \$371,000.00 that resulted in over 100 internship placements to local businesses. The Chamber also continues to host or co-host numerous events and programs, including community orientations for new employees to the region, HR events, special governmental related events and the implementation of the When Work Works initiative. In 2012, the Dayton Chamber launched the ChooseDayton.com initiative. The ChooseDayton.com initiative is a portal designed to inform and educate potential employees about the Dayton region. ChooseDayton.com provides local company profiles, links to local employment resources, and information about the community.

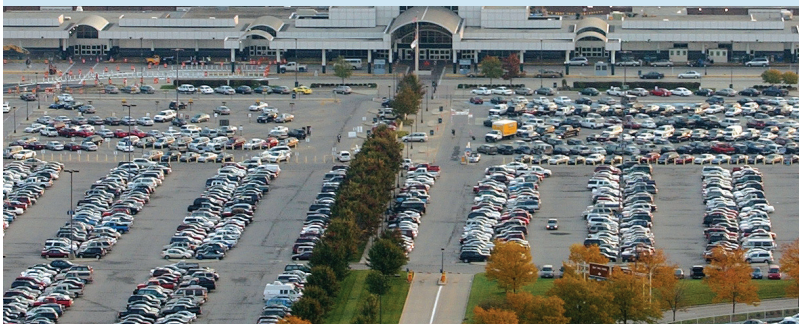
## TRANSPORTATION INFRASTRUCTURE

Transportation and infrastructure improvements continue to drive economic development opportunities and support business growth throughout the Dayton region.

In 2012, significant infrastructure arteries have been improved and upgraded to support the region's business environment. The completion of a full-functioning West Carrollton interchange at Exit 47 off of I-75 allows for more efficient access to the 4 million square foot automotive manufacturing facility in Moraine, the UPS distribution facility in West Carrollton and hundreds of other businesses in the surrounding area.

Additionally in 2012, the final phase of I-75 Modernization Project through downtown Dayton began. This final phase will add additional through lanes northbound and southbound and eliminate all left-hand entrances and exits. These final improvements will allow for safer and more efficient access to downtown businesses and reduced congestion for through traffic. These final improvements are expected to be completed in 2016 and will invest over \$500 million into our infrastructure network.

Another significant improvement was achievement of funding for the CSX rail extension near the Dayton International Airport. This \$18 million investment will extend the current CSX freight rail line to the Dayton International Airport, allowing for greater rail distribution of freight and furthering highlighting the Dayton region's multi-modal hub.



## DAYTON INTERNATIONAL AIRPORT

As the economy continues to become more global, Dayton area businesses must be able to meet with customers and suppliers on a global level. For the community to remain attractive and competitive the Chamber realized that the availability of cost effective and convenient air service to the business traveler is a paramount priority. In addition, the business traveler is the most coveted passenger class for airline carriers. Since the late 1990's, the Chamber has partnered with the Dayton International Airport (DIA) to increase the availability of cost effective flights for our region's business traveler. Through marketing efforts, route analysis, and negotiations with carriers, the Chamber is able to convey how the DIA meets the needs of our region's business traveler and positions the Dayton area as an attractive location for businesses to locate and succeed. In 2012, the DACC and other community partners successfully advocated for the reinstatement of a daily non-stop DAY-LGA flight, for those business travelers flying in and out of New York City. In addition, the Chamber operates the Business Travelers Center within the airport to ensure that the business passenger remains productive while waiting for flights – an amenity which is unique.

The airport cannot be successful without passengers. The Chamber acts as a marketing agent to drive passengers to consider the airport through a strategic marketing plan that is aimed at generating local passenger usage of the DIA. Our strategic marketing initiative realizes the unique geographic position of the DIA between four major airline markets. This unique position allows us to reach into surrounding communities to provide substantial airline choices to businesses and travelers in Southwest Ohio and Eastern Indiana. In 2012, the Chamber was pleased to welcome Southwest Airlines as a carrier at the Dayton International Airport.

Recently, DIA saw the finalization and/or continuation of many projects that were initiated in the \$110 million modernization plan created in 2007. Some notable projects include: a new traffic control tower, parking lot improvement, Terminal Drive improvements, new Perimeter Road construction, an improved runway safety area, installation of wildlife fencing, multiple airfield pavement projects, and a multi-level parking garage construction.



Special thanks to our sponsor:

